

**Underwriter's Annual Review
Fiscal Year:2019**

Account:Trump Organization LLC

Current Date: 01/15/2020

Branch:Metro

Account#:ST00087851

Underwriter:Claudia Markarian

Financial Review and Summary:

Financial Review and Summary:

FYE: 06/30/2018

Net Worth: \$1	Tangible N/W: \$1	Net Quick: \$1
Revenue: \$0	Gross Profit: \$0	Ant. Max Prog.: \$0
Net Profit:\$0	Debt/Worth: 0.0:1	G&A Expense:\$0

No Comments entered for this section.

Personal Financial Analysis:

Party Name	Party Role	Net Quick	Net Worth	FS date
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11/28/2018 Claudia Markarian: - **In-Person Review of Personal Financial Statements 6/30/18 - Donald J. Trump**

- I reviewed the personal financial statements of Donald J. Trump on 11/20/18. Ultimately, all activities of the Trump Organization, DJT Holdings, and other entities role in the DJT Revocable Trust. Donald J. Trump is the sole beneficiary of the Trust thus reviewing his personal statements reflects all activities of the Organization.

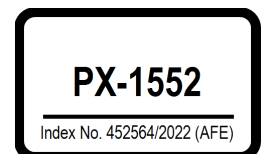
- The personal financial statements were compiled once again by the CPA firm, Weiser Mazars and was finalized on 10-24-18. I met with the CFO, Allen Weisselberg and Controller, Jeffrey McConney who provided some insight on the Trump Organization while I reviewed the statements.

- Cash on hand was \$76.2mm and escrow funds were \$22.7mm. The CFO noted that the Trump organization has returned to a more liquid position following some debt repayment and campaign expenses from previous years.

- Total assets were \$6.6B, with \$6B connected to his real estate and golf club resorts. The fair value of the properties is determined by professional firms (such as Cushman & Wakefield) using cap rates and net operating income as factors. His largest property by value is Trump Tower for \$732mm. The CFO indicated that asset quality was very good, meaning the value of properties has been kept year over year and does not vary significantly during cycles. Real estate licensing assets were \$203mm and other assets were \$311mm.

- Loans on real property payable was only \$467.4mm. Debt to total assets is roughly 7%, which is very low leverage for a real estate company. The CFO has indicated he has been working to deleverage the company for years while still taking advantage of low interest

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rates for liquidity.

- Mr. Trump's stated net worth is \$6.12B.

- The CFO indicated that there are no plans for Capital Expenditures required for next year, so we anticipate continued deleveraging and stable results at next year's review.

Surety Program

11/27/2018 Claudia Markarian: - Current outstanding liability is 21 bonds for approximately \$10.9mm in exposure. Bond usage is slightly down from prior years as the \$6mm appeal bond was closed.

- The largest obligation is a \$5.4mm Retro Deductible bond, and a \$2mm Injunction bond. The rest of the exposure is spread across non-hazardous performance bonds, discharge of mechanic's lien bonds, and L&P bonds. Bond needs typically arise when associated with new real estate development or upgrades on projects.

- In March 2018, Zurich wrote one \$600m release of attachment bond in Panama for one of Trump's hotels that were in litigation.

Operations/Management Review:

Operations/Management Summary/Update:

11/27/2018 Claudia Markarian: - The Trump Organization is a privately-owned conglomerate based at the Trump Tower in Manhattan, New York. The Trump Organization is a global luxury real estate super-brand, and is responsible for many of the world's most recognized developments. Trump is renowned for its leadership in real estate development, sales and marketing, and property management representing the highest level of excellence and luxury in residential, office, and retail properties.

- It was founded in 1923 as E. Trump & Son by Donald Trump's Grandmother and Father. Donald Trump led the Organization from 1971 to 2017, renaming it Trump Organization in 1973.

- Due to the election of Donald Trump to the Presidency, he has personally removed himself from any activities related to the Trump Organization. Previously, Donald Trump directly owned the assets of the Organization. They have since removed him one level through the development of the Donald J. Trump Revocable Trust.

- An Org. Chart is in eFile. The Donald J. Trump Revocable Trust owns 100% of DJT Holdings Managing Member LLC and 99% of DJT Holdings LLC. The two LLC's in turn own all of the vast business entities/properties/LLCs under the Trump umbrella.

- The Donald J. Trump Revocable Trust's trustees are his sons Donald Trump Jr. and Eric Trump, and Allen Weisselberg, Executive Vice President and Chief Financial Officer (30+ years with Trump Organization).

- Donald J. Trump is the sole beneficiary of the Trust.

- Since the election, the Trump Organization continues to engage in new deals domestically. It is not pursuing new ventures outside of the U.S. (only maintaining existing properties), to avoid any ethics issues.

- Trump properties include: Trump Tower, Nike Town, 40 Wall Street, Trump Park Avenue, Mar-a-lago, and Trump National Golf Clubs in NY, NJ, FL, CA, DC, PA, and NC.

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Reference:

Rates:

Rate Determination Form updated since current FYE? No

Contract Rate Plan: Standard	Modifier: 1.00	Last Doc Date:	
Commercial Rate Plan: Flat-Merit	Modifier: 2.00	Last Doc Date:	11/27/2018

11/28/2018 Claudia Markarian: - The account rate is \$10/m.

- The deductible bond rate is \$11.50/m effective the May 2018 renewal. Prior to this, the rate was \$12.50/m.

- Premium for the past 12 months was \$138m.

Collateral:

No Comments entered for this section.

Banking Relationship:

Bank Name	Bank Line	Expiration	Security	Security Agreement Received
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11/27/2018 Claudia Markarian: - As explained by the CFO, the financing for the organization is handled by various third parties. The organization does not have open lines of credit with their banks, as each loan is handled on a case by case basis for that property. The buildings or properties are used as collateral to reduce the interest rates on their loans.

Indemnity Review:

Name	Indemnity Amount
DJT Holdings LLC	Unlimited
Donald J. Trump	Unlimited

11/28/2018 Claudia Markarian: - We hold the personal indemnity of Donald J. Trump on form J1117 Ed 6/02 executed on 10/22/09.

- Prior to the execution of the GIA, we took individual applications for each bond.

- With Trump's election to the Presidency, the indemnity structure required revision. Surety Risk Solutions was involved closely with this process.

- The program up until this time had been based on the personal financial strength and individual indemnity of DJT. Questions about whether Zurich can enforce the current indemnity while he is a sitting President arose. It was determined that in the event of a claim situation, and we needed to go to court to enforce the indemnity agreement, Zurich could file suit against Mr. Trump. The concern was that the suit could be stayed for the duration of his Presidency.

INTERNAL USE ONLY In order to strengthen our indemnity position, the Trump Organization provided the

indemnity of DJT Holdings LLC. This holding company is very senior within the organization, and owns a majority of Mr. Trump's substantial assets. The operating agreement for the LLC was provided. A resolution was executed by DJT which extends the authority to Donald Trump Jr. and Allen Weisselberg to indemnify on behalf of the LLC.

- The GIA rider was executed effective 1/17/17 by these two individuals adding DJT Holdings LLC to the current indemnity to cover all liability. See all documents in efile.

D & B/Credit Ratings:

Report Date: 01/03/2020 D&B Rating: 1R4 Paydex: 064

No Comments entered for this section.

SP Credit Ratings:

Report Date: SP Rating:

No Comments entered for this section.

Moody's Credit Ratings:

Report Date: Moody's Rating:

No Comments entered for this section.

Fitch Credit Ratings:

Report Date: Fitch Rating:

No Comments entered for this section.

Zurich Credit Ratings:

Report Date: 11/27/2018 Zurich Rating: zNR

11/27/2018 Claudia Markarian: - Not rated, based on indemnity of an individual and no audited financial statements.

Portfolio Management/Watchlist:

Account Active on the Watchlist? No

No Comments entered for this section.

Claims Review:

Open Claims: 0 Total Losses Incurred: \$0

No Comments entered for this section.

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No Comments entered for this section.

Other Relevant Factors:

11/21/2018 Claudia Markarian: - There is currently no insurance relationship with Trump Organization.

11/21/2018 Claudia Markarian: - The CFO indicated there are no material litigations outstanding for the Trump Organization. They do not expect any large court bond needs in the near future. Some cases were recently settled as well.

Conclusions and Recommendations:

Anticipated Maximum Program:	\$0	Zurich's Bonded Commitment:	\$0
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FYE Account/Program Recommendations:

11/28/2018 Claudia Markarian: - With the review of Mr. Trump's personal statements, which represents all business holdings, the Trump Organization is in very good financial shape. It has high liquidity, very low debt compared to its peers, and little capex requirements for the next year. Further the asset quality in the portfolio is very good and sustainable.

- Based on the indemnity package, substantial financial position of the Trump Organization / DJT personally, the long standing relationship with Aon and Trump, my recommendation is to renew the current program of \$6mm single / \$20mm aggregate to cover existing liability and to allow room for any other additional bond requests.

- Although the indemnity package and financial disclosure is not perfect, it is highly unlikely the Trump Organization would allow any of our bonds to end up in a claims situation. There is also substantial liquidity within the company to cover any bond need should there be an issue. The CFO and Controller were highly professional, well educated, and conscientious about the work that they do. I learned that many employees have worked for the Trump Organization for extended periods of time. There is a loyalty to the organization that is widespread and the employees enjoy working for the Trump family.

- Annual on-site visits to review financials of DJT personally. The next visit will likely be in Q4 2019.

- SDA expiration to be moved to 11/30/2019 due to expected delay in preparation / review of financials.

SDA History:

SDA Status: Approved				
Home Office: Single Bond:	0	Program:	0	Expires: 11/30/2019
Regional Office: Single Bond:	0	Program:	0	Expires: 11/30/2019
Branch Office: Single Bond:	6,000,000	Program:	20,000,000	Expires: 11/30/2019
Agent Line of Single Authority: Bond:	0	Program:	0	Expires: 11/30/2019

No Comments entered for this section.

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Additional U/W Comments and Guidelines:

No Comments entered for this section.

Distributor Information:

Agency: AON RISK SERVICES NORTHEAST INC
Address: 165 BROADWAY STE 3201
NEW YORK, NY 100061404
Telephone: 2124411000
Fax 2124794269
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11/27/2018 Claudia Markarian: - Aon is paid 27.5% in commission, except for the Deductible bond which is 20%. The deductible bond's commission was previously 12.5% but we agreed to increase to 20% at the 18-19 renewal as a broker accommodation.

- Zurich has been surety for Trump since 2007.

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